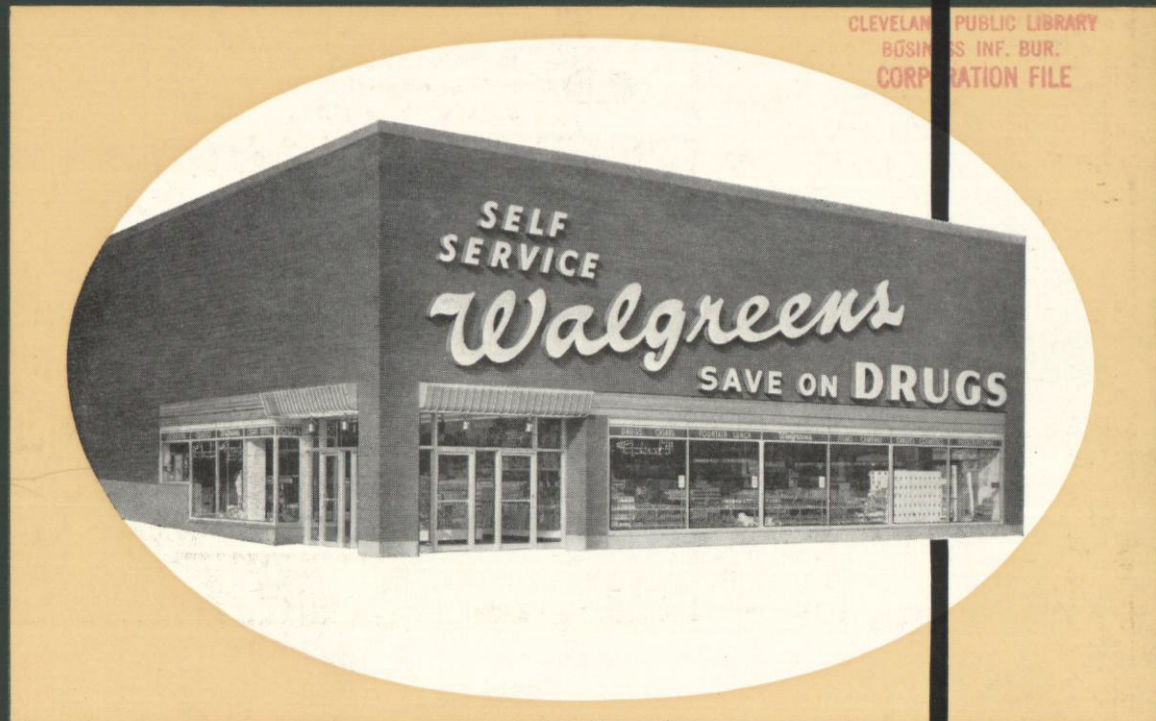


# Annual Report

**TO SHAREOWNERS**



**1953**

## DISTRIBUTION OF SALES



**1** SOUTHERN STATES  
\$53,571,036 or 29.5%

**2** MIDWEST STATES  
(Chicago excluded)  
\$48,444,012 or 26.7%

**3** CHICAGO, ILL.  
\$37,938,551 or 20.9%

**4** EASTERN STATES  
\$21,375,295 or 11.8%

**5** WESTERN STATES  
\$20,208,740 or 11.1%

As a share-owner you'll be interested in the map above, noting our sectional distribution of sales. Walgreen Drug Stores—at prime locations throughout the country—serve communities from Maine to California:

"Walgreen's—the Nation's Name for Drug Store"

*Walgreen Co.*

## OFFICERS AND DIRECTORS

C. R. WALGREEN, JR.....*Director—President*  
A. A. BORG.....*Director—Engineering and Equipment*  
SANFORD J. BOWYER.....*Director—Vice President*  
H. TRACY FOWLER.....*Director—Vice President*  
ROBERT G. KNIGHT.....*Director—Vice President and Treasurer*  
EDWARD P. LESLIE.....*Vice President*  
BERT O. PINCH.....*Director—Assistant Secretary*  
R. G. SCHMITT.....*Director—Vice President and Secretary*  
A. L. STARSHAK.....*Director—Vice President*  
R. E. WALKER.....*Director—Agency Division*  
O. G. GILE.....*Assistant Secretary*  
W. W. LOW.....*Assistant Treasurer*  
P. J. REDFORD.....*Assistant Secretary*  
C. S. ZALEWSKI.....*Comptroller*

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*Company General Auditor*.....M. W. PRATT  
*Public Accountants and Auditors*.....ARTHUR ANDERSEN & CO.

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*Transfer Agents*.....THE FIRST NATIONAL BANK OF CHICAGO  
GUARANTY TRUST COMPANY OF NEW YORK

*Registrars*.....HARRIS TRUST AND SAVINGS BANK OF CHICAGO  
THE NATIONAL CITY BANK OF NEW YORK



## TO OUR SHARE

**S**ALES for our 1953 fiscal year again reached a new high, with an increase of over three and a half millions—most of which was in the first six months.

Earnings for the year were \$2.26 a share, compared with last year's \$2.44. However, as you know, our semi-annual report showed \$1.01 against the previous year's \$1.25, so that the second half of our 1953 year, with share earnings of \$1.25, shows improvement over the \$1.19 of the corresponding 1952 period.

The reduction to a 40-hour, 5-day work week for all our retail store employees, mentioned in our last Annual Report, was in effect during almost all of the fiscal year just closed. The heaviest comparative impact of the

increased operating costs, due to this, occurred during the first six months. We have been able to gradually make various operational changes and adjustments which have, in part, offset the higher wage costs.

We in the drug store field, like virtually all retailers, must find methods by which higher wages, shorter hours and a high level of expenses in general, are held in proper operating ratios. To accomplish this, large, high-volume stores are necessary. Prices have to be low to the customer to attract and maintain volume in a highly competitive market. We believe that the trend toward self service—applied to the extent possible in our line of business—is highly desirable. Accordingly,

## OWNERS

we now are operating 23 stores which we consider as "self service". Of those opened during the past year, some were at new locations, while others were conversions from conventional type stores. A number of our new stores have been opened in "drive-in" developments, including regional drive-in centers—which contain one or more department stores and very extensive shopping facilities.

The adjustments to meet changing customer shopping habits, keen competition—not only from drug stores, but from many other retailers—and the challenge of high costs, are difficult and costly. They have to be made, however, because they help to assure a successful future for our company.

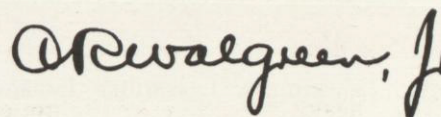
Chicago, November 20, 1953.

We are operating more square feet of merchandising area, although our number of stores is less; 390 at the end of this fiscal year, compared to 400 a year ago. Some small and marginal units were closed during the past year.

For the current fiscal year we again plan a moderate amount of expansion, selective in character, with continued emphasis on self service type stores.

We have a hard working group of employees who did a good job in 1953, and plan an even better one in 1954.

Sincerely,



*President*

# Walgreen Co. and Subsidiary Companies

## COMPARATIVE BALANCE SHEET

ASSETS		1953	1952
<b>CURRENT ASSETS:</b>			
Cash .....		\$ 5,113,776	\$ 6,409,458
United States Government securities .....		1,465,703	2,797,545
Accounts receivable, less reserves .....		1,956,227	1,821,386
Inventories of merchandise, priced at the lower of cost or market, less reserves .....		23,440,729	21,886,110
TOTAL CURRENT ASSETS .....		31,976,435	32,914,499
PREPAID RENT, INSURANCE, TAXES, ETC. ....		1,225,080	1,041,063
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in and advances to affiliated and other companies, at cost....		2,042,394	1,979,789
Estimated net recovery of prior years' Federal income taxes .....		440,000	—
		2,482,394	1,979,789
<b>FIXED ASSETS, at cost:</b>			
Land .....		37,000	50,500
Buildings (on owned and leased land) .....		1,596,100	1,612,676
Equipment .....		17,699,910	17,573,305
		19,333,010	19,236,481
Less—Reserves for depreciation .....		8,270,736	8,397,798
TOTAL FIXED ASSETS .....		11,062,274	10,838,683
GOODWILL, LEASEHOLDS, LEASEHOLD IMPROVEMENTS, ETC., at nominal amount .....		1	1
		\$46,746,184	\$46,774,035

—SEPTEMBER 30, 1953 AND 1952

LIABILITIES

	<u>1953</u>	<u>1952</u>
CURRENT LIABILITIES:		
Trade accounts payable .....	\$ 5,730,155	\$ 5,743,028
Accrued expenses and other liabilities .....	4,585,261	4,561,973
Federal income taxes .....	3,554,740	3,819,068
Current maturity of 2½% note .....	350,000	500,000
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES .....	14,220,156	14,624,069
	<hr/>	<hr/>

2½% NOTE, due August 15, 1960; amounts ranging from \$350,000 to \$500,000 due annually (current maturity included above) .....	3,300,000	3,650,000
	<hr/>	<hr/>

CAPITAL STOCK AND SURPLUS:

Common stock, \$10 par value— (In 1952, without par value)		
Authorized 1,955,522 shares; issued and outstanding 1,292,485 shares .....	12,924,850	11,484,112
Earned surplus, per accompanying statement .....	16,301,178	17,015,854
	<hr/>	<hr/>
TOTAL CAPITAL STOCK AND SURPLUS .....	29,226,028	28,499,966
	<hr/>	<hr/>
	<u>\$46,746,184</u>	<u>\$46,774,035</u>

# Walgreen Co. and Subsidiary Companies

## COMPARATIVE STATEMENT OF PROFIT AND LOSS

For the Years Ended September 30, 1953 and 1952

	<u>1953</u>	<u>1952</u>
SALES AND OTHER INCOME:		
Net sales and other store income .....	\$181,537,634	\$177,909,215
Other income (net) .....	216,655	237,747
	<u>181,754,289</u>	<u>178,146,962</u>
COSTS AND DEDUCTIONS:		
Cost of sales and of selling, occupancy and administration, except depreciation .....	173,501,228	169,558,393
Depreciation of buildings and equipment .....	1,212,877	1,139,549
Provision for contribution to employees' retirement pension trust .....	869,000	889,000
Improvements to leased properties .....	367,898	451,647
	<u>175,951,003</u>	<u>172,038,589</u>
INCOME BEFORE FEDERAL AND STATE INCOME TAXES .....	5,803,286	6,108,373
Provision for Federal and State income taxes .....	2,880,000	2,950,000
NET INCOME .....	<u>\$ 2,923,286</u>	<u>\$ 3,158,373</u>

## COMPARATIVE STATEMENT OF EARNED SURPLUS

For the Years Ended September 30, 1953 and 1952

BALANCE BEGINNING OF YEAR .....	\$ 17,015,854	\$ 16,248,578
NET INCOME .....	2,923,286	3,158,373
	<u>19,939,140</u>	<u>19,406,951</u>
DEDUCT:		
Dividends paid—\$1.70 per share in 1953 and \$1.85 in 1952 .....	2,197,224	2,391,097
Transfer to Common Capital Stock in connection with change from shares without par value to shares with \$10 par value on December 15, 1952 .....	1,440,738	—
	<u>1,440,738</u>	<u>—</u>
BALANCE END OF YEAR .....	<u>\$ 16,301,178</u>	<u>\$ 17,015,854</u>



ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET  
CHICAGO 3

*To the Board of Directors,*

WALGREEN CO.:

We have examined the consolidated balance sheet of WALGREEN CO. (an Illinois corporation) AND SUBSIDIARY COMPANIES as of September 30, 1953, and the related statements of consolidated profit and loss and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had previously made a similar examination for the year ended September 30, 1952.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly the financial position of Walgreen Co. and subsidiary companies as of September 30, 1953, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & Co.

Chicago, Illinois,

November 16, 1953.

## PROGRESS REPORT

Gary, Indiana—  
The night before opening

### New Stores Opened during fiscal 1953:

- Columbus, Ga., 1211 Broadway
- Evergreen Park, Illinois
- Gary, Ind., 601 Broadway
- Hartford, Conn., 64 State
- New Orleans, La., 1730 Canal
- Peoria, Ill., 217 S. Adams
- Racine, Wis., 403 Main
- Sacramento, Cal., 3460 El Camino
- San Francisco, Cal., 245 Winston Drive
- Wilmington, N. C., 226 N. Front

### Major Remodelings during fiscal 1953:

- Chicago, 7559 N. Clark
- Chicago, 51 E. Lake
- Chicago, 53rd & Lake Park
- Chicago, 150 N. La Salle
- Chicago, 2759 W. North
- Chicago, 4000 Sheridan
- E. St. Louis, Ill., 144 Collinsville
- Lincoln, Neb., 1301 "O" Street
- Miami, Fla., 244 N. E. First Ave.
- Michigan City, Ind., 631 Franklin
- Milwaukee, Wis., 300 Wisconsin
- Salt Lake City, Utah, 3 W. South Temple



**New Strides Forward—:**

**Typical WALGREEN**

**OF**



← Racine, Wisconsin

→ Hartford, Connecticut



Peoria, Illinois—  
The night before opening

**DRUG STORES**  
**1953**



San Francisco,  
California

**Our Olafsen Vitamins...**

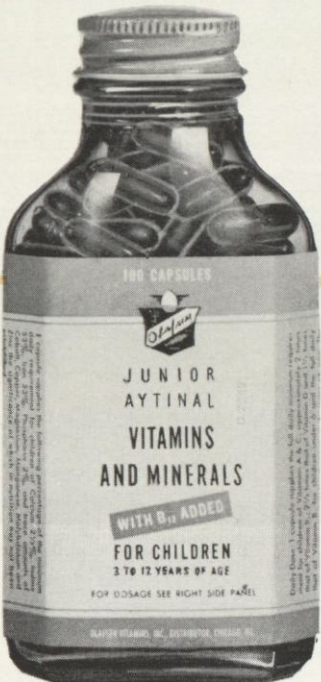
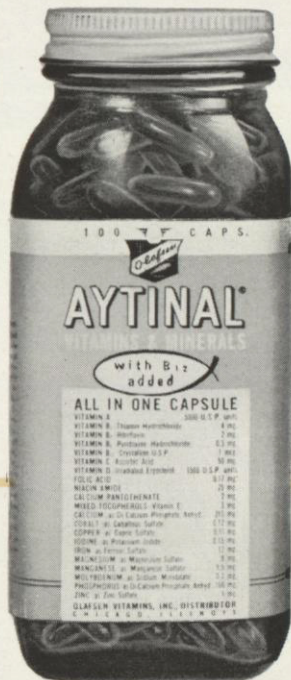
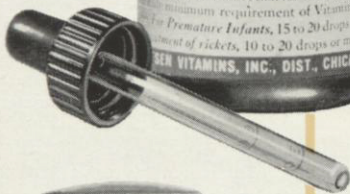
**PRODUCTS OF QUALITY**

In Walgreen and Walgreen Agency Drug Stores nationwide, our Olafsen Vitamins, created by our own laboratory, have won a respected name in a highly competitive field. Olafsen vitamin volume reached new peaks during the past year, and sales are still climbing. The reason is *quality*. For formula, potency, and price they are a *good-health buy* the public recognizes. The formulas are planned to meet the individual health needs of the entire family . . . to provide for special vitamin needs of every age group.

*Illustrated: Oleum Percomorphum for babies; Junior Aytinal with Minerals for children; Aytinal with Minerals and blood-enriching Ola-Beron-12 for adults; super-potent Olavite for therapeutic adult use; Olafsen Geriatric Formula to feel fit after fifty.*



GERIATRIC FORMULA,  
our newest Olafsen Product



***Investments in***

**PRACTICAL PRESTIGE**

Pioneering a basic new contribution to pharmaceutical education, our Company welcomed educators from 12 leading pharmacy colleges to a six-week Seminar in Drug Store Management this June. Lectures, discussions and field trips through the many phases of our operations gave key professors an on-the-scenes look at the modern retail drug store . . . an up-to-date business knowledge of basic store-operation fundamentals to incorporate into Pharmacy courses. Hailed by press and educators alike, the Walgreen Seminar further established our reputation for leadership, brought valuable prestige and publicity directly to our Company, enhanced our good relationship with the Colleges. An additional dividend from this program: it further attracts the best of the pharmacy graduates to Walgreen Drug Stores.

Promotion of our Prescription Service continues in three important medical spheres . . . through advertisements in the AMA Journal; through exhibits at important medical meetings; through our professional service representatives whose personal contact establishes favorable liaison between doctor and pharmacist. Professional and public confidence in our prescription service is shown where it counts: Prescription volume is steadily rising.

→

Stressing our Prescription record for dependability, advertisements in the famed Journal of the American Medical Association carry our message to over 150,000 doctor-readers every month of the year. Other messages, aimed to the lay public, appear regularly in our newspaper ads.

↓

Thomas G. Crawford, our Director of Personnel, addresses pharmacy professors. Represented at the six-week Seminar were Drake University, Idaho State College and the Universities of Cincinnati, Florida, Houston, Illinois, Kentucky, Oklahoma, Pittsburgh, Tennessee, Texas and Wisconsin.



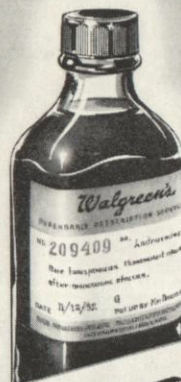
More than Meets Your



!

You can't *see* INTEGRITY...  
You can't *weigh* EXPERIENCE...

But you can be *sure of both* when your patients' prescriptions are brought to *Walgreen's*.



DEPENDABLE PRESCRIPTION

SERVICE FOR OVER 50 YEARS

YOU'RE ALWAYS WELCOME AT

*Walgreen's*